

GREENVILLE STEEL CAR COMPANY

(SUBSIDIARY OF PITTSBURGH FORGINGS COMPANY)

AREA CODE 412 588-7000

F. B. LOGAN
VICE PRESIDENT
AND TREASURER



GREENVILLE, PA.

16125

PLANTS OF
PITTSBURGH FORGINGS COMPANY

CORAOPOLIS, PA.
JACKSON, MICHIGAN
PHILADELPHIA, PA.
GREENVILLE, PA.

February 23, 1978

9258

RECORDATION NO. Filed & Recorded

Secretary
Interstate Commerce Commission
Washington, D. C. 20423

FEB 28 1978 - 11 12 AM

INTERSTATE COMMERCE COMMISSION

Dear Sir:

Enclosed are five (5) executed counterparts of a Lease Agreement dated February 1, 1978 between Greenlease Company, A Division of Greenville Steel Car Company, and Lake Erie, Franklin and Clarion Railroad Company.

Lessor - Greenlease Company, A Division
of Greenville Steel Car Company
Greenville, Pennsylvania 16125

Lessee - Lake Erie, Franklin and Clarion Railroad Company
Clarion, Pennsylvania 16214

Equipment - 1 100-Ton Triple Hopper Car
AAR Mechanical Designation HT
Road No. LEF 3600

Enclosed is check for \$50 covering the filing fee.

Three (3) original recorded counterparts should be returned to:

F. B. Logan
Vice President and Treasurer
Greenville Steel Car Company
Greenville, Pennsylvania 16125

The undersigned is an executive officer of Greenville Steel Car Company, one of the parties to the Lease Agreement, having knowledge of the matters set forth herein.

Yours truly,

F. B. Logan
F. B. Logan

Vice President and Treasurer

FBL/LS

Enclosures

C-053A100

Date FEB 28 1978

Fee \$ 50

Washington, D. C.

Interstate Commerce Commission

Washington, D.C. 20423

2/28/78

OFFICE OF THE SECRETARY

**F.B. Logan
Vice President & Treasurer
Greenville Steel Car Company
Greenville, PA.**

Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on **2/28/78** at **11:10am**,
and assigned recordation number(s).

9258

Sincerely yours,

**H.G. Homme, Jr.
Acting Secretary**

Enclosure(s)

**SE-30-T
(6/77)**

GREENLEASE COMPANY
A DIVISION OF GREENVILLE STEEL CAR COMPANY

9258

RECORDATION NO. Filed & Recorded

RAILROAD CAR LEASE AGREEMENT

FEB 28 1978 - 11 12 AM

INTERSTATE COMMERCE COMMISSION

Effective as of this 1st day of February, 1978, GREENLEASE COMPANY, A DIVISION OF GREENVILLE STEEL CAR COMPANY, a Pennsylvania corporation (hereinafter referred to as "Lessor"), and LAKE ERIE, FRANKLIN AND CLARION RAILROAD COMPANY, a Pennsylvania corporation (hereinafter referred to as "Lessee"), agree as follows:

1. Lessor will lease to Lessee, and Lessee will rent and hire from Lessor, the following described railroad freight train car (hereinafter called the "Car") for the term and at the monthly rental charges and upon the other terms and conditions set forth herein:

<u>No. of Cars</u>	<u>Specifications</u>	<u>Description</u>
1	GSCCo. H-3061-B dated 6/22/77 AAR Mechanical Designation - HT	100-Ton Triple Hopper Car; Road No. LEF 3600

The Car will be delivered to Lessee f.o.b. tracks of Lessor at Greenville, Pennsylvania, during the month of February, 1978, for shipment to Lessee at a point in Pennsylvania to be designated by Lessee. Lessor's obligation as to delivery of Car shall be subject to delays due to labor trouble, fires, governmental regulations, accidents, acts of God, shortage of or inability to obtain materials, delays of carriers or subcontractors,

or other causes beyond the control of Lessor.

2. (a) The period from the date of delivery of the Car until the last day of the calendar month in which delivery is made is herein referred to as the "Interim Term" of the Lease. The "Principal Term" of the Lease shall commence on the first day after the Interim Term and shall extend for a period of fifteen (15) years.

(b) During the Interim Term, Lessee will pay to Lessor an interim rental for the Car at the rate of \$220.00 per month (which shall be prorated for less than whole months) from and including the date of delivery of the Car to and including the last day of the Interim Term. The interim rental shall be payable on the first day of the Principal Term at the office of Lessor in Greenville, Pennsylvania.

(c) During the Principal Term, and until the Car is returned to Lessor as hereinafter provided, Lessee will pay to Lessor rent for the Car, except as otherwise specified herein, at the rate of \$220.00 per calendar month. Rent shall be payable at Lessor's office in Greenville, Pennsylvania, in advance on the first day of each month during the Principal Term, and shall be prorated for less than whole months.

3. Any demurrage, track storage or detention charge imposed in connection with the Car after delivery thereof to Lessee shall be the liability of Lessee.

4. Prior to delivery of the Car, there shall be permanently and conspicuously stenciled on each side of the Car the following words (with proper changes as from time to time may be required and requested

by Lessor or any assignee, to protect the interests of Lessor or any assignee of Lessor), in letters at least one inch high:

GREENLEASE COMPANY, A DIVISION OF
GREENVILLE STEEL CAR COMPANY,
OWNER AND LESSOR

If any such stencil shall at any time be removed, defaced or destroyed, Lessee shall promptly cause it to be restored or replaced at Lessee's cost. Any assignee of Lessor's interest under this Lease may, at such assignee's cost, require new or changed stencils to be placed on the Car disclosing its interest and title in the Car, and Lessee shall maintain the same thereafter at its own cost as above provided. Lessee may cause the Car to be lettered in any manner desired for identification of its leasehold interest therein, but no Car shall be marked or lettered in a manner which, in the judgment of Lessor, might be interpreted as a claim of ownership by Lessee or anyone other than Lessor. Before delivery, Lessor will cause the Car to be marked with Lessee's road number LEF 3600. Such road number shall not be changed except by Lessor or with Lessor's written consent.

5. In the event of the loss or destruction of the Car from any cause whatever during the term of the Lease, Lessee shall promptly give notice thereof to Lessor and on the first rental payment due date after such notification shall, in addition to the rent payable on such date pursuant to Section 2 hereof, pay Lessor as full compensation for the loss or destruction of such Car, and for the loss of future rentals thereof, the reproduction cost settlement value of such Car (including

the value of the scrap and reusable parts) as set forth in the Interchange Rules of the Association of American Railroads, Operations and Maintenance Department, Mechanical Division (or other similar rules which may be changed or established in the future). Upon receipt of such payment by Lessor, unless an event of default hereunder on the part of the Lessee shall have occurred and be continuing, all scrap, salvage, property and all rights in any way relating to such Car shall become Lessee's property, free and clear of this Lease, and Lessor or any assignee shall execute all documents required to clear title to said property.

6. Lessee shall pay or cause to be paid any and all taxes (including, without limitation, gross receipts taxes, but excluding state or federal taxes imposed upon Lessor's net income) and all other governmental levies or charges lawfully imposed upon or measured by this Lease or any assignment hereof or upon or by any sale, use, operation, payment, shipment, delivery or transfer of title of the Car under the terms hereof or upon or by the Car or the interest of Lessee therein, which Lessor may be legally obligated to pay. Lessee will, at all times, keep the Car free of all taxes and assessments which might in any way affect the title of Lessor thereto or result in a lien upon the Car. Lessee will pay or satisfy and discharge any and all sums claimed by any party by, through or under Lessee or its successors or assigns which, if unpaid, might become a lien or a charge upon the Car equal or superior to the title of Lessor thereto, but shall not be required to pay or satisfy and discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal

proceedings in any reasonable manner which will not affect the title of Lessor in and to the Car.

7. (a) Lessor warrants that on the date of delivery of the Car to Lessee hereunder such Car will comply with the Rules of Interchange of the Association of American Railroads (or any successor thereto) and with all applicable governmental laws, regulations and requirements and has been built in accordance with the Specifications referred to in Paragraph 1 above, free from defects in material and workmanship under normal interchange use and service. Lessor's obligation under this subparagraph (a) with respect to the Car shall be limited to repairing or replacing at its manufacturing plant at Greenville, Pennsylvania, any part or parts of such Car which shall, within one year or 50,000 miles, whichever occurs first, after delivery of such Car, be returned to Lessor with transportation charges prepaid and which Lessor's examination shall disclose to its reasonable satisfaction to have been thus defective. Lessor shall not be liable for indirect or consequential damage resulting from defects in material, design, construction or workmanship. THIS WARRANTY IS EXCLUSIVE AND EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, WHETHER WRITTEN, ORAL, EXPRESS OR IMPLIED (INCLUDING, WITHOUT LIMITATION, ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR PURPOSE), AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF LESSOR, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THIS LEASE, AND LESSOR NEITHER ASSUMES NOR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE CARS EXCEPT AS AFORESAID. Such warranty shall survive the delivery to and acceptance of the Car by Lessee.

(b) During the term hereof, Lessee, at its own cost and expense, will repair and maintain the Car in servicable operating condition in accordance with the Rules of Interchange of the Association of American Railroads (or any successor thereto), and will comply with all governmental laws, regulations and requirements and with said Rules of Interchange with respect to the use, maintenance, inspection and operation of the Car. In case any equipment or appliance on the Car shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on the Car in order to comply with such laws, regulations, requirements or Rules, effective after the date of the delivery of such Car, Lessee agrees to make such changes, additions and replacements. Any parts installed or replacements made upon the Car by Lessee shall be considered accessions to the Car and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor. In order to insure compliance with this subparagraph, Lessor shall have the right, by its agents, to inspect the Car at any time and from time to time during the term hereof, and to assure the convenient exercise of such right by Lessor, Lessee shall, when so requested, inform Lessor of the whereabouts of the Car as promptly as the whereabouts can be determined. Lessee agrees to indemnify and save harmless Lessor against any charge or claim made against Lessor, and against any expense or liability which Lessor may incur by reason of its ownership of the Car during the term hereof, in any manner arising out of or as a result of the use or operation of the Car, except for charges or claims arising from Lessor's acts or omissions, and to indemnify and save harmless Lessor against any claim or suit on account of any accident in connection with the operation of the Car resulting

in damage to property of others or injury to any person.

8. So long as Lessee shall not be in default under this Lease, Lessee shall be entitled to the possession of the Car and shall have the full right of use thereof upon the lines of railroad owned, leased or operated by Lessee, or over which Lessee has trackage rights, and upon connecting and other railroads in the usual interchange of freight cars, but subject at all times to all the terms and conditions of this Lease.

9. Lessee shall not transfer or assign this Lease or its interest in the Car without the prior written consent of Lessor, and such interest shall not be assignable or transferable by operation of law, provided that a transfer of Lessee's interest to another corporation, which shall acquire all or substantially all the property of Lessee through purchase, merger or consolidation, which corporation shall assume in writing to Lessor all obligations of Lessee hereunder, shall not be deemed a breach of this provision.

10. (a) Lessor may sell and lease-back, assign or mortgage all its right, title and interest in and to the Car and/or all moneys payable to Lessor hereunder so long as the sale and lease-back, assignment or mortgage recognizes Lessee's right to continued and uninterrupted possession of the Car upon compliance with the terms of the Lease. All of the provisions of this Lease for the benefit of Lessor shall inure to the benefit of and may be exercised by or on behalf of such purchaser (in a sale and lease-back), assignee or mortgagee. All rental payments

due and to become due under this lease and so sold, assigned or mortgaged shall, if directed by Lessor or any such purchaser, assignee or mortgagee by written notice to Lessee, be paid directly to such purchaser, assignee or mortgagee, upon receipt of said notice. Written notice of any sale and lease-back, assignment or mortgage of Lessor's interest under this Lease shall promptly be given to Lessee. The right of any such purchaser, assignee or mortgagee to the payment of assigned rentals hereunder shall not be subject to any defense, counterclaim or set off which Lessee may have against Lessor.

(b) Lessor may also sell, assign and transfer all its right, title and interest in and to the Car, and under this Lease, to another corporation, whether by written instrument or by operation of law, if such other corporation acquires all or substantially all the property of Lessor through purchase, liquidation, merger or consolidation, and assumes in writing to Lessee all obligations of Lessor hereunder.

(c) Lessor will keep the Car free of all liens and encumbrances (except a sale and lease-back or lien given to an assignee or mortgagee as herein authorized), will not sell, assign, lease or otherwise dispose of the same (except as herein authorized), and will do nothing to disturb Lessee's full right of possession and enjoyment and the exercise of all Lessee's rights with respect thereto as provided by this Lease.

(d) Lessor warrants that the Car will be free from any defect in title which would affect or interfere with the continuous and uninterrupted possession and enjoyment of the Car by Lessee during the term hereof, and Lessor will indemnify, protect and defend Lessee against

all liabilities, damages and expensed arising out of any such interference.

(e) Lessor will indemnify, protect and defend Lessee against all liabilities and expenses that may arise out of charges of infringement of any patent alleged to cover any article, material or design employed in the construction of the Car. Each party hereto will give notice to the other of any claim known to the former from which liability may be charged against the Lessor hereunder.

(f) Lessor will give Lessee full opportunity to inspect the Car at Lessor's manufacturing plant at Greenville, Pennsylvania. Lessee will arrange for final inspection of the Car at Lessor's manufacturing plant without delay after the completion thereof, and Lessee's representative or agent will execute and deliver to Lessor the usual form of inspection and acceptance certificate, which form is attached hereto as Appendix I, covering the Car. Each inspection and acceptance certificate, with respect to the Car covered thereby, shall be final and conclusive evidence that such Car conforms in workmanship, material, design and construction and in all other respects to the Specifications, except that the giving of such certificate shall not preclude Lessee from asserting any claim against Lessor for breach of the warranty set forth in Paragraph 7 (a) hereof.

11. The time of payment of rentals is of the essence of this Lease. If (a) Lessee shall make default in the payment of rentals for the Car or of any other payment hereunder at the time when same becomes due and payable, and such default shall continue for ten (10) days after giving of notice thereof by Lessor, or (b) Lessee shall fail to carry out and perform any other of its obligations

hereunder and such default shall continue for twenty (20) days after Lessee's receipt of written notice of same by Lessor to Lessee, or (c) there shall be filed by or against Lessee a petition in bankruptcy or for reorganization under any bankruptcy law or there shall be a trustee or receiver appointed of any part of Lessee's property or Lessee becomes insolvent or bankrupt or makes an assignment for the benefit of creditors, then and in any of said events Lessor, at its election, (i) may terminate this Lease and repossess itself of the Car and this Lease shall thereupon become and be terminated, or (ii) may repossess itself of the Car and re-let the same to others for such rent and upon such terms as may be reasonable under the circumstances, and if a sufficient sum shall not be thus realized after paying all expenses of retaking and re-letting the Car and collecting the rentals thereof to satisfy the rentals herein reserved, Lessee will satisfy and pay the deficiency from time to time upon demand. The obligation to pay such deficiency shall survive such termination of this Lease and/or such retaking of the Car. The aforesaid remedies of Lessor shall not be deemed exclusive, but shall be cumulative and in addition to all other rights and remedies given or provided by law or in equity.

12. If Lessor fails to carry out and perform any of its obligations hereunder and such default shall continue for ten (10) days after written notice of same by Lessee to Lessor, or if there shall be filed by or against Lessor a petition in bankruptcy or for reorganization under any bankruptcy law or there shall be a trustee or receiver appointed of any part of Lessor's property, or if Lessor becomes insolvent or bankrupt or makes an assignment for the benefit of

creditors, then and in any of said events Lessee, at its election, (a) may terminate this Lease and purchase the Car leased hereunder upon payment of the amount which would be payable under Paragraph 5 hereof if the Car had been lost or destroyed, or (b) may continue rental payments until the expiration of the term of lease for such Car, with the sole and exclusive right of possession thereto. The Car shall, upon full payment under option (a), become Lessee's property without further payment or cost. In such event, Lessor shall execute such assignment or other documents as may be required to transfer all its right, title and interest therein to Lessee.

13. Unless an event of default hereunder on the part of Lessee shall have occurred and be continuing, Lessee, by written notice to Lessor given not less than six (6) months prior to the expiration of the Principal Term hereof, may extend the term hereof and the Lease shall thereupon continue from year to year thereafter with respect to such Car until terminated by either party upon 60 days' notice prior to the end of any such year. Any such extension shall be upon all of the terms, provisions and conditions hereof, except that the monthly rental shall be the current Fair Market Rental Value at the beginning of the first such extension. Fair Market Rental Value shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's length transaction between an informed and willing lessee-user (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease, and in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If on or before four (4) months

prior to the expiration of the Principal Term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental Value of the Units, such value shall be determined in accordance with the foregoing definitions by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or, failing such agreement, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third designated by the first two so selected, or if they cannot agree, by the District Court of the United States for the Western District of Pennsylvania. The Appraiser(s) shall be instructed to make such determination within a period of thirty (30) days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. The expenses and fee of the Appraiser(s) shall be borne by the Lessee.

14. At the end of the term hereof or upon any termination thereof pursuant to Paragraph 11 hereof, Lessee will, at its own expense, forthwith and in the usual manner and at the usual speed of freight trains, draw the Car to such point on its railroad as shall reasonably be designated by Lessor and will store the Car thereat for a period not to exceed thirty (30) days without charge until delivery to Lessor; and Lessee further agrees, at Lessee's expense, upon the request of Lessor, to return the Car to Lessor at its plant at Greenville, Pennsylvania, or to such other point or points as Lessor may designate provided the expenses of delivery to such other point or points in excess of the

cost of redelivery at Greenville, Pennsylvania shall be borne by Lessor. The performance of the covenants by Lessee contained in this Paragraph 14 is of the essence of this Lease and it is agreed that on application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee requiring specific performance thereof.

If, at the end of the term hereof, Lessor scraps the Car and salvages usable components thereof, Lessor shall afford Lessee the first opportunity to purchase such of the salvaged components as it may desire to purchase at a price not in excess of the best offer made to Lessor by another.

15. Lessee will cause this Lease to be filed and recorded with the Interstate Commerce Commission under the Interstate Commerce Act in order to publish notice of, and to protect, the title of Lessor to the Car, and Lessee will from time to time perform any other act required by law, and will execute any and all other and further instruments as shall reasonably be requested by Lessor, to assure such publication and such protection of such title. Lessee shall pay all costs, charges and expenses, including all recording and registration taxes and fees, incident to the filing, registering and/or recording of this Lease and of any instruments of further assurance hereunder.

16. Any notice, demand or other communication hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or deposited in the mail first class postage

prepaid (registered or certified, return receipt requested), addressed as follows:

If to Lessor:

Greenlease Company
A Division of Greenville Steel Car Company
Greenville, Pennsylvania 16125

If to Lessee:

Lake Erie, Franklin and Clarion Railroad Company
P. O. Box 430
1062 East Wood Street
Clarion, Pennsylvania 16214


or addressed to either party at such other address as such party shall hereafter furnish to the other in writing.

17. This Lease may be simultaneously executed in two or more counterparts, each of which so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same Lease, which shall be sufficiently evidenced by any such original counterpart.

18. This Lease and all rights and obligations hereunder shall be construed and enforced in accordance with and governed by the laws of the Commonwealth of Pennsylvania, except that the parties shall be entitled to all rights conferred by Section 20C of the Interstate Commerce Act, as amended. Subject to the limitations on assignment contained herein, this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their successors and assigns.

WITNESS the due execution hereof as of the day and year first
set forth above.

Attest:


W P Haeleer
Secretary
(CORPORATE SEAL)

GREENLEASE COMPANY, A DIVISION
OF GREENVILLE STEEL CAR COMPANY
(Lessor)

By Edwin Haeleer
Chairman
of the Board

Attest:

J. L. Hartle
Asst. Secretary
(CORPORATE SEAL)

LAKE ERIE, FRANKLIN AND CLARION
RAILROAD COMPANY (Lessee)

By Jay T. Miller
President

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF ALLEGHENY) SS:

On this 17th day of February, 1978, before me personally appeared Edwin Hodge, Jr., to me personally known, who being by me duly sworn, says that he is the Chairman of the Board of Greenlease Company, A Division of Greenville Steel Car Company, a Pennsylvania corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.



Notary Public

(Notarial Seal)


My Commission Expires:

MARY E. DUGAS, Notary Public.
Pittsburgh, Allegheny County, Pa.
My Commission Expires Dec. 20, 1979

COMMONWEALTH OF PENNSYLVANIA)
)
COUNTY OF CLARION) SS:

On this 22nd day of February, 1978, before me personally appeared Jay F. Miller, to me personally known, who being by me duly sworn, says that he is the President of Lake Erie, Franklin and Clarion Railroad Company, a Pennsylvania corporation, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.


Marilyn L. Smerkar
Notary Public

(NOTARIAL SEAL)

My Commission Expires:

MARILYN L. SMERKAR, NOTARY PUBLIC
ELK TOWNSHIP, CLARION COUNTY
MY COMMISSION EXPIRES APRIL 2, 1979
Member, Pennsylvania Association of Notaries

By Inspector